The John W. McCormack Institute of Public Affairs

THE ISSUES BOOK
PUBLIC POLICY ISSUES IN MASSACHUSETTS

Compiled by
Richard Manley
Senior Fellow
John W. McCormack Institute of Public Affairs
University of Massachusetts Boston

September 1998

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The McCormack Institute

The John W. McCormack Institute of Public Affairs is a multi-purpose public policy research institute, established in 1983 at the University of Massachusetts Boston and named in honor of the late John W. McCormack, former Speaker of the U.S. House of Representatives.

The institute's components include four centers, each with its own area of focus: the Center for State and Local Policy, the Center for Social Policy Research, the Center for Women in Politics and Public Policy, and the Center for Democracy and Development. The institute also administers UMass Boston's M.S. Program in Public Affairs and publishes *The New England Journal of Public Policy.*

The McCormack Institute's fellows and staff—who are drawn from such diverse fields as journalism, politics and government, and the social sciences—represent vital connections between the University community and centers of power and innovation in the private and public sectors. They are involved in university teaching, survey research, educational outreach projects, and a variety of publications including books, academic papers, and newspaper columns; they also appear regularly as guest speakers, moderators, and panelists on TV and radio.

Through the work of these distinguished academics and practitioners, the institute seeks to contribute to informed public discourse and to play a constructive role in public policy formulation and problem-solving.

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**Massachusetts Taxpayers Foundation*

Further acknowledgment and thanks to the Massachusetts Taxpayers Foundation (MTF) for allowing us to reprint the budget synopsis found in their "State Budget '98: Land Mines in a Field of Plenty."

We are grateful for the Massachusetts Department of Revenue (DOR) for allowing us to reprint the tax receipts table from their FY 1997 Annual Report.

Persons wishing more information on any of these areas can phone or write the John W. McCormack Institute, UMass Boston, Boston, MA 02125, or call us at 617-287-5550 and we will put you in touch with the author.

THE STATE BUDGET

Richard Manley

The Massachusetts state budget is the single most important piece of legislation passed by the Legislature each year. It reflects the needs, wants and politics of the citizens of Massachusetts as seen by their elected representatives and senators and, ultimately, the Governor.

While the Constitution requires the Governor "to recommend to the general court a budget which shall contain a statement of all proposed expenditures of the Commonwealth for the fiscal year, including those already authorized by law, and of all taxes, revenues, loans and other means by which such expenditures shall be defrayed," the document the Governor gets back from the General Court for signature is often one that has undergone serious alteration.

Under the Constitution the Governor has the authority to disapprove items (veto) or reduce items. The Governor does not have the authority to increase items.

The budget contains two parts: the actual line items (inside section) and the so-called "outside sections" which are supposed to be legislative changes or modifications needed to implement the "inside sections."

For example, an amount of money for increased local aid to the cities and towns would be a line in the "inside section," but a change in the distribution formula for these monies would be found as legislation in an "outside section."

Since the mid-1970's, the practice by the Legislature of making changes in general law, not related to items in the "inside section" has become common. In a study conducted in 1993 by two senior fellows at the McCormack Institute of Public Affairs,[1] it was concluded that this practice probably violated three sections of the Massachusetts Constitution. The state's Supreme Judicial Court has never ruled on the matter.

From actual expenditures in fiscal year FY 1988 (July 1 to June 30) to actual expenditures in FY 1997 state spending for operations grew from $11.6 billion to $17.6 billion, an increase of $6.1 billion or 52.1%.[2]

The population of Massachusetts is approximately six million. Therefore, on a per capital basis, we spent some $2,833 in FY 1997 for each member of our population. It bought us care for the poor, public education at the local level as well as the college and university level. It bought us roads, medical care, mental health care and prisons. It helped provide mass transit, housing assistance and the judiciary. It paid for much of our fire and police functions, and it paid for employee benefits, etc.

The FY 1998 spending plan shows both the changes caused by the 1988-1992 economic recession and budgetary changes brought out by recent economic good times. The following are interesting examples:

The state-budget-funded standard workforce (full time equivalents) decreased, primarily due to the recession, from a high in 1988 of 91,505 to a reported 78,484 in 1997, a 14.2% reduction in the state workforce. There has been a tendency to "loosen up" in recent budgets and this should be carefully watched.

A major growth area since the recession has been our investment in children. Throughout the recession years, this had been an area of neglect. From FY 1988 to FY 1997 the increase has been 22% while the total state budget had a growth of 40.9%. The largest item is in the funding of the education reform law. While this may seem to short change children's services, this is only partly true. From FY 1988 to FY 1993 these so-called "discretionary" accounts were severely reduced. Much progress has been made in meeting these needs since then.

Two so-called discretionary areas have been aid to cities and towns (local aid) and support of Massachusetts Higher Education. These accounts were dramatically reduced from FY 1988 to FY 1993. Since 1993 local aid accounts have received generous appropriations, including the Education Reform Law and the same is true for higher education.

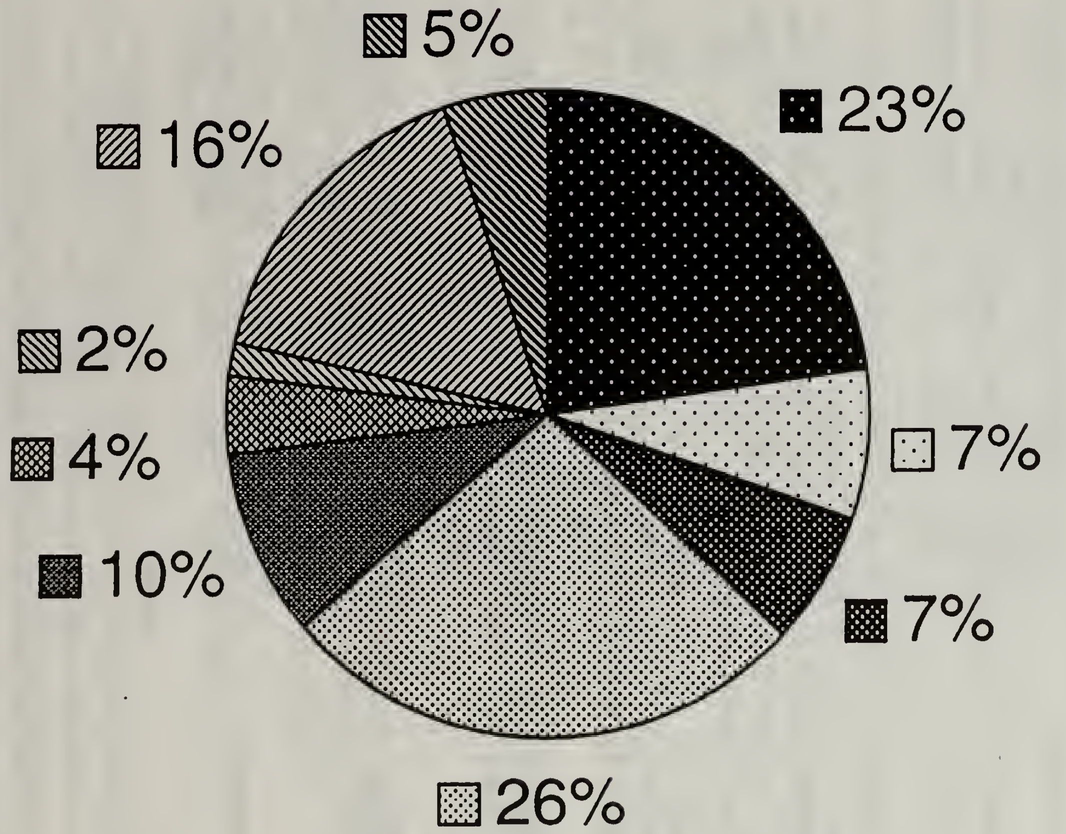
However, in non-education, general government aid to the cities and towns, we spent $1161.9 billion in FY 1988 and $1198.3 in FY 1997. This account shows an increase of $36.4 million or .03% in ten years.

As the economy flourishes, the caseload in federal entitlement programs has declined. Changes in rates to providers, along with reforms of programs and a much lower unemployment rate, have brought about a slight decline in the costs of Medicaid. Spending in this major area was almost level in 1995, 1996 and 1997. Much credit goes to very tight management and control of the program. Double-digit inflation was the norm in the 1988 to 1993 period. Since FY 1993, costs have increased about 2.5% each year on average. Medicaid expenditures are reimbursed 50% by the federal government.

In the area of cash assistance programs, Aid for Families with Dependent Children, emergency aid to the elderly and children, and the state supplement for SSI, we see at least two factors at work. A booming economy with high employment and welfare reform has seen spending in these areas drop from $807 million in FY 1995 to $773 million in 1996.

While it is fair to say that the 1988-92 recession caused major budget reductions almost across the board, it is also true that, with the exception of personnel accounts, much of the losses have been replaced in the good times. The issue now is can we sustain our good fortune or will we continue to expand ourselves into the next economic downturn?

Budget Summary (FY 97 Actual)



23% Investment in Children -- $4,018.90
7% Criminal Justice and Law Enforcement -- $1,310.70
7% Local Government -- $1,198.30
26% Assistance to the Poor -- $4,669.30
10% Assistance to the Sick and Disabled -- $1,675.90
4% Transportation -- $668.30
2% Economy & Environment -- $289.00
16% Central Costs -- $2,868.40
5% Other -- $909.90

BUDGET SUMMARY

(millions)	Actual 1988	Actual 1995	Actual 1996	Actual 1997	Authorized 1998	$ Change 1997 to 1998 Authorized	1988 Percent of Total	1998 Percent of Total
Investment in Children	**$2,851.6**	**$3,186.9**	**$3,472.6**	**$4,018.9**	**$4,465.8**	**$446.9**	**24.6%**	**24.0%**
Education Local Aid	1,685.5	1,948.3	2,169.3	2,485.9	2,802.0	316.1	14.6%	15.1%
Higher Education	757.2	703.8	744.4	811.2	861.5	50.2	6.5%	4.6%
Services to Children	311.7	461.3	485.5	521.2	548.8	27.6	2.7%	3.0%
Day Care Services[1]	97.2	73.5	73.4	200.5	253.5	53.0	0.8%	1.4%
Criminal Justice and Law Enforcement	**$745.8**	**$1,092.0**	**$1,212.5**	**$1,310.7**	**$1,365.9**	**$55.2**	**6.4%**	**7.3%**
Corrections	283.7	527.1	567.6	625.7	637.3	11.6	2.4%	3.4%
Judiciary	288.0	353.4	407.0	430.9	475.4	44.5	2.5%	2.6%
Police	111.5	140.6	161.6	165.4	162.6	(2.8)	1.0%	0.9%
DAs	43.4	49.9	54.6	65.4	65.4	0.0	0.4%	0.4%
Attorney General	19.2	21.0	21.7	23.4	25.2	1.8	0.2%	0.1%
Local Government	**$1,161.9**	**$1,060.1**	**$1,103.6**	**$1,198.3**	**$1,278.3**	**$80.0**	**10.0%**	**6.9%**
Assistance to the Poor	**$2,773.0**	**$4,925.4**	**$4,833.3**	**$4,699.3**	**$4,889.3**	**$190.0**	**23.9%**	**26.3%**
Medicaid	1,592.2	3,503.3	3,524.5	3,569.8	3,772.7	202.9	13.7%	20.3%
Cash Assistance	893.0	1,154.8	1,040.2	843.7	814.1	(29.6)	7.7%	4.4%
Housing Assistance	151.5	143.0	142.5	145.0	149.6	4.6	1.3%	0.8%
Elderly	136.4	124.2	126.2	140.8	152.9	12.0	1.2%	0.8%
Assistance to the Sick and Disabled	**$1,100.4**	**$1,568.6**	**$1,598.1**	**$1,675.9**	**$1,736.3**	**$60.4**	**9.5%**	**9.3%**
Mental Retardation	471.9	710.4	731.0	753.2	775.0	21.8	4.1%	4.2%
Mental Health	410.0	508.3	518.5	531.7	540.5	8.8	3.5%	2.9%
Public Health	218.5	349.9	348.7	391.0	420.7	29.8	1.9%	2.3%
Transportation	**$530.6**	**$657.3**	**$715.9**	**$668.3**	**$675.4**	**$7.1**	**4.6%**	**3.6%**
MBTA	297.5	516.3	515.7	520.9	539.5	18.6	2.6%	2.9%
MDHighways	185.6	93.7	148.0	94.7	84.2	(10.5)	1.6%	0.5%
Registry	47.4	47.3	52.2	52.7	51.8	(1.0)	0.4%	0.3%
Economy & Environment	**$228.9**	**$240.6**	**$309.4**	**$289.0**	**$319.9**	**$31.0**	**2.0%**	**1.7%**
Business and Labor	100.3	86.5	92.8	106.1	113.1	7.0	0.9%	0.6%
Environment	128.6	154.1	216.6	182.9	206.8	23.9	1.1%	1.1%
Central Costs	**$1,478.0**	**$2,795.8**	**$2,792.2**	**$2,868.4**	**$2,859.5**	**($9.0)**	**12.8%**	**15.4%**
Employee Benefits[2]	907.6	1,548.9	1,602.6	1,613.4	1,612.4	(1.0)	7.8%	8.7%
Debt Service	570.4	1,246.9	1,189.6	1,255.0	1,247.1	(8.0)	4.9%	6.7%
Other	**$713.2**	**$723.8**	**$843.5**	**$909.9**	**$1,005.0**	**$104.1**	**6.2%**	**5.4%**
General Government	434.1	484.3	527.2	554.2	606.4	52.2	3.7%	3.3%
Residual	279.0	239.5	316.3	346.7	398.6	51.9	2.4%	2.1%
Total Budget	**$11,583.4**	**$16,250.5**	**$16,881.1**	**$17,629.7**	**$18,595.3**	**$965.6**	**100.0%**	**100.0%**

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[1] Prior to 1997, day care spending for welfare recipients is included in the figures for Cash Assistance.

[2] Does not include workers' compensation and unemployment insurance which are budgeted in agency accounts.

MASSACHUSETTS STATE REVENUES

Richard Manley

For generations, Massachusetts had a reputation for excessively high taxes; in fact, we were known nationally as "Taxachusetts." Much of this reputation stemmed from our over-reliance on the real property tax, which was the highest in the nation (from time to time New Jersey would take that distinction away from us for a year or so), and what was perceived as an anti-business attitude among politicians and the public that was reflected in high business taxes.

Local property taxes became stabilized during the 1980's with the passage of Proposition 2½. Throughout the 1990's, the Governor and Legislature have recognized the need to retain industry of all types and retain employment. Taxes on individuals and business have been dramatically reduced to help make Massachusetts more attractive to business.

The major tax revenue producers are the personal income tax, raising more than 50%; the sales and use tax; and the corporate excise tax.

The remainder of state tax revenues come from relatively small taxes and excises.

Most taxes are for general use in the main budget fund, the General Fund. However, some taxes are designated for specific uses. The gasoline tax, for example, is designated for certain transportation items -- road repair and maintenance, mass transit, highway law enforcement etc.

Chapter 151 of the Acts of 1990 states that up to 15% of the personal income tax be pledged to the payment of debt service costs of the so-called "Fiscal Recovery Bonds" authorized that year.

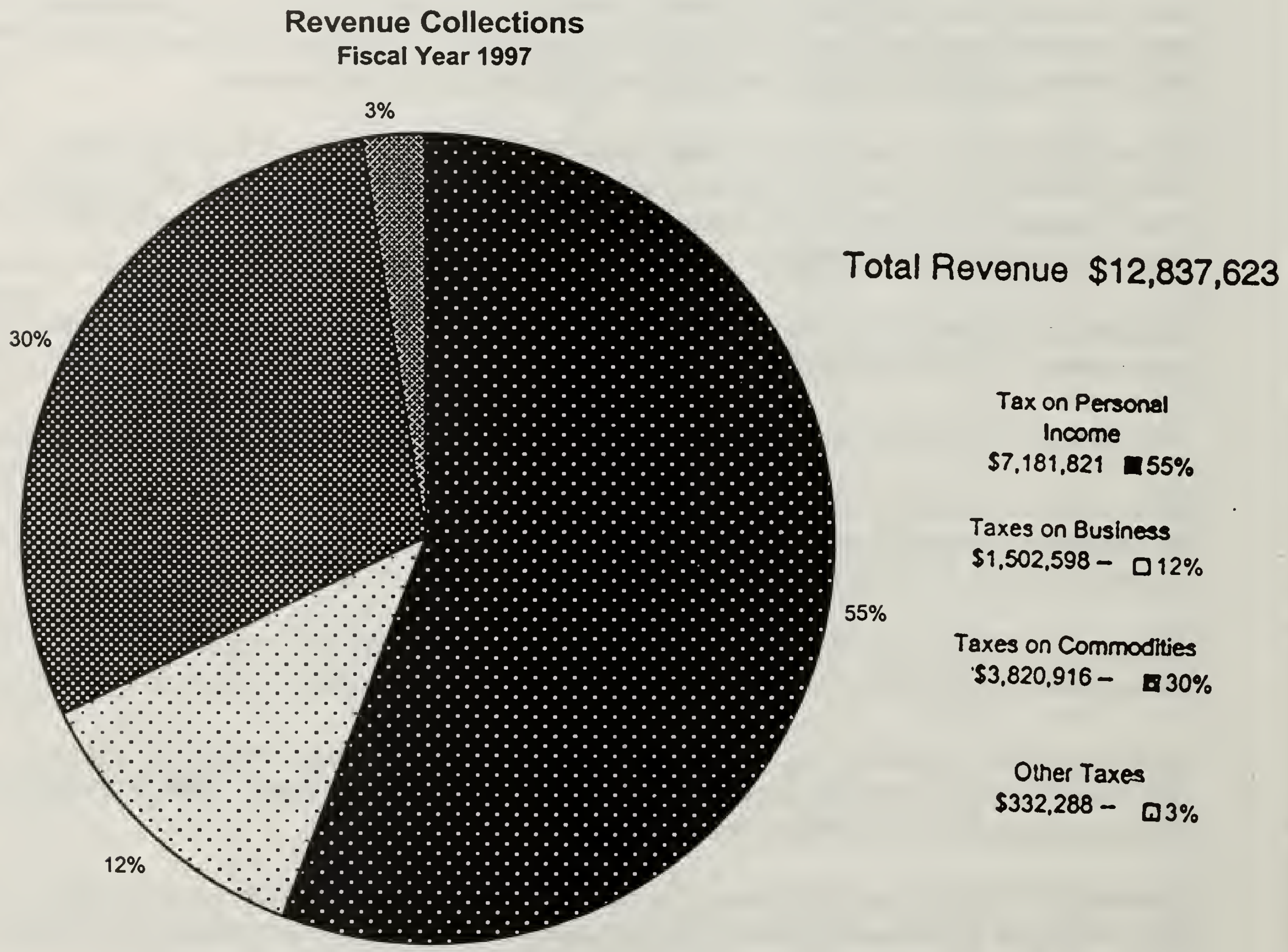
A citizen's petition passed by the voters in 1992 increased the tax on cigarettes by $.25 per pack. The funds derived from this tax are dedicated to the "Health Protection Fund." This tax increase has been raising $114-$116 million annually for the past three years.

In addition to General Fund tax revenue, the Commonwealth also receives substantial monies from the federal government as its share of entitlement costs, and from other federally supported programs. In FY 1996 and FY 1997, federal reimbursements amounted to $3.0 billion.

In addition, some departments produce revenues from licenses, fees and charges. In FY 1997, these revenues raised $1.267 billion.

The Massachusetts Department of Revenue (DOR) has a nationwide reputation for innovation. It has led the nation with its "Dead Beat Dad" program and was among the first to provide taxpayers with Telefile -- a system for filing taxes by phone. It is a model for other states.

Historically, the Massachusetts tax structure has grown 4% to 6% annually. Annual revenue growth is now in the 6% + range and appears to be continuing that rate of growth and may go as high as 8.5% - 9% in FY 1998. The danger, of course, is that budgets will tend to grow to meet this income; the economy is cyclical, and the expanded programs will not be sustainable. It happened in the 1980's. We hope we have learned from that experience.



Revenue Collections Fiscal Years 1993-1997

(In Thousands)	FY93	FY94	FY95	FY96	FY97	FY96-97 %Change
STATE TAXES COLLECTED BY DOR						
Tax on Personal Income						
TOTAL	**$5,374,911**	**$ 5,689,768**	**$ 5,974,201**	**$ 6,706,870**	**$ 7,181,821**	**7.1**
Taxes on Business						
Corporations	$ 737,354	$ 782,284	$ 910,965	$ 876,341	$ 963,873	10.0
Insurance Companies	272,492	281,521	284,270	284,905	289,272	1.5
Public Utilities	69,123	81,797	88,726	132,890	109,220	(17.8)
Commercial Banks	74,661	136,880	164,529	150,583	98,984	(34.3)
Savings Institutions	78,193	62,969	41,447	68,047	41,249	(39.4)
TOTAL	**$1,231,824**	**$ 1,345,452**	**$ 1,489,937**	**$ 1,512,766**	**$ 1,502,598**	**(0.7)**
Taxes on Commodities Sold						
Motor Fuels	$ 557,179	$ 562,584	$ 577,501	$ 598,773	$ 602,841	0.7
Cigarettes	190,185	237,307	234,163	232,845	281,708	21.0
Alcoholic Beverages	60,623	60,211	60,728	59,741	60,302	0.9
Sales & Use[1]	1,820,972	1,978,774	2,136,971	2,252,083	2,494,702	10.8
Sales on Meals	303,193	323,365	344,329	358,010	381,364	6.5
TOTAL	**$2,932,152**	**$ 3,162,241**	**$ 3,353,692**	**$ 3,501,453**	**$ 3,820,916**	**9.1**
Other Taxes						
Estate & Inheritance	$ 267,273	$ 277,533	$ 209,281	$ 188,021	$ 202,707	7.8
Room Occupancy Excise	59,291	62,819	68,825	72,857	80,544	10.6
Deeds Excise[2]	33,492	38,643	40,163	42,679	48,332	13.2
Club Alcoholic Beverage Excise	908	787	605	525	578	10.1
Motor Vehicle Excise	148	310	173	102	128	25.9
Controlled Substances	—	1	0	0	0	0.0
TOTAL	**$ 361,111**	**$ 380,093**	**$ 319,047**	**$ 304,183**	**$ 332,288**	**9.2**
Total State Taxes Collected by DOR	**$9,899,998**	**$10,577,554**	**$11,136,877**	**$12,025,272**	**$12,837,623**	**6.8**

[1] Include sales and use tax on motor vehicles.
[2] Due to different accounting methods, amounts reported for the deeds excise differ from those amounts reported by the Comptroller.

Because of rounding, detail may not add to Totals.
The figures contained herewith are DOR figures pending the Comptroller's Fiscal Year 1997 Statutory Basis Annual Financial Report.

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The Taxes Fiscal Year 1997

TYPE OF TAX	MEASURE	RATE[1]	RETURN DUE
Personal Income and Fiduciary Income	Dividends, net capital gains,[2] interest other than Mass. bank interest and interest received by pawnbrokers	12.0%	On or before April 15 for calendar year filings. The 15th day of the 4th month for fiscal filings.
	Other income	5.95%	
Nonresident	Mass. source income		
Estimated Tax	Liability in excess of $200		Due quarterly on or before the 15th day of April; June, September and January.
Withholding	Wages	5.95%	Varies depending on amount of tax withheld in calendar year. **If annual withholding:** Up to $100 — Annual filing $101–1,200 — Quarterly filings $1,201–25,000 — Monthly filings Over $25,000 — Quarterly filings, weekly payments
Estate[3]	Taxable estate (after expenses, debts, losses, exemptions, charitable and marital deductions)	5% to 16%	Within 9 months after the date of the decedent's death.
Nonresident	Mass. real and tangible property		
Alcoholic Beverages	Malt (31-gal. bbl.)	$3.30	Monthly, on or before the 20th day of the month.
	Cider 3%–6% (wine gal.)	$ .03	
	Still wine 3%–6% (wine gal.)	$ .55	
	Sparkling wine (wine gal.)	$ .70	
	Alcoholic beverages 15% or less (wine gal.)	$1.10	
	Alcoholic beverages more than 15%–50% (wine gal.)	$4.05	
	Alcoholic beverages more than 50% or alcohol (proof gal.)	$4.05	
Cigarettes	20-Count package	$ .51[4]	Monthly, on the 20th day of the month. Unclassified importers must file upon importation or acquisition.
	Smokeless tobacco (percentage of price paid by licensee)	50%[4]	
	Cigars (percentage of price paid by licensee)	15%	Quarterly, on or before the 20th day following the close of the tax period.
Deeds	Sales price (less mortgage assumed) of real estate	$2.28[5] per $500	Monthly, on or before the 10th day of the month (filed by Registers of Deeds).
Motor Fuels	Gasoline and diesel fuel per gallon Average wholesale price (21¢ minimum)	19.1%	Monthly, on or before the 20th day of the month.
	Propane, liquified gas, etc. (no minimum)	19.1%	
	Aviation (10¢ minimum)	7.5%	
	Jet fuel at local option (5¢ minimum)	5%	
Room Occupancy	Transient room occupancy	5.7%	On or before the 20th day following the close of the tax period. **If annual liability:** Up to $25,000 — Monthly filings Over $25,000 — Monthly payments, quarterly filings
	At local option, up to	4.0%	
Club Alcoholic Beverages	Gross receipts	0.57%	On or before April 15.

[1] Tax rates as of August 1, 1996.

[2] Effective for the 1996 tax year, the capital gains tax is 5% for assets (other than collectibles) held for more than one year. Effective for the 1997 tax year, short-term capital gains are taxed at 12%, gains on property (other than collectibles) held more than two years are taxed at 4% and if held one to two years are taxed at 5%.

[3] An alternate computation of the estate tax is used if it results in a lower tax: 20% of Massachusetts net estate less $600,000 exemption. On January 1, 1997 the estate tax becomes a sponge tax measured by the federal state death tax credit. The rate, as of 1/1/97, is between 0.8% to 16%.

[4] Effective 10/1/96 the rate is $.76 for cigarettes and 75% for smokeless tobacco.

[5] In Barnstable County the rate is $3.42 per $1,000.

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TYPE OF TAX	MEASURE	RATE	RETURN DUE
Sales and Use Tax	Sale, rental or use of tangible personal property, including cigarettes, telecommunication services and certain fuel	5%	On or before the 20th day following the close of the tax period. **If annual liability:** Up to $100 — Annual filing $101–1,200 — Quarterly filings $1,201–25,000 — Monthly filings Over $25,000 — Periodic payments, quarterly filings
Sales Tax on Meals, Prepared Food and All Beverages	All "restaurant" food and on-premises consumption of any beverages in any amount.	5%	On or before the 20th day following the close of the tax period. **If annual liability:** Up to $25,000 — Monthly filings Over $25,000 — Monthly payments, quarterly filings
Business and Manufacturing Corporations	Net income Tangible property or net worth Minimum	9.5%[6] $2.60 per $1,000 $456	15th day of third month after close of taxable year.
Estimated Tax	Liability in excess of $1,000		Due quarterly as follows: 15th day of third month of taxable year — 40%[7] 15th day of sixth month of taxable year — 25% 15th day of ninth month of taxable year — 25% 15th day of twelfth month of taxable year — 10%[7]
Security Corporation			
Non Bank Holding Co.	Gross income	0.33%	Same as business corporations.
Bank Holding Company	Gross income Minimum	1.32% $456	
Financial Institutions			
Commercial Bank and Thrift Institution	Net income	11.72%[8]	Same as business corporations.
Other Financial Institutions	Net income Minimum	10.50% $456	
Public Utilities	Net income	6.5%	Same as business corporations.
Ship Excise Tax	Value (equity interest) of the corporation's interest in a ship or vessel engaged in interstate or foreign trade.	0.379%	Same as business corporations.
Insurance Company			
Domestic Life	Premiums Mass. net investment income.	2.0% 14.0%	On or before March 15.
Foreign Life	Premiums	2.0%	
Domestic Casualty	Premiums Gross investment income	2.28% 1.0%	
Foreign Casualty	Premiums	2.28%	
Ocean Marine	Underwriting profit	5.7%	On or before May 15.
Marijuana and Controlled Substances Tax	Weight of marijuana Weight of controlled substance Dosage unit of controlled substance	$3.50 per gram $200 per gram $2,000 per 50 dosage units	Payment due immediately upon acquisition or possession in Massachusetts by dealer. Payment evidenced by stamps purchased from the Commissioner.
Motor Vehicle garaged outside Massachusetts	90% to 10% of manufacturer's list price	$25 per $1,000	On or before 30 days from issuance of tax bill.

[6] S corporations: 4.5% if total receipts $9 million or more; 3% if total receipts are $6 million or more but less than $9 million.
[7] 30% and 20% for corporations with fewer than 10 employees in their first full tax year
[8] Effective for the 1997 tax year the rate is 11.32%

LOCAL AID

Susanne Tompkins

The state spends more money on local aid than on any other activity except the many programs which help the poor. Local aid -- state support for schools and for other municipal activities -- totaled $4 billion in 1998, or 22 percent of the state budget. This policy recognizes that, in Massachusetts, local governments have only one tax source -- the property tax.[3] The state shares its own revenue with cities and towns, enabling local governments to pay for schools, public safety and other local services. Since the adoption of Proposition 2½, which limits property taxes, local aid has become a more important source of local revenue than ever before.

An objective of most state aid programs, including the biggest -- school aid and the lottery distribution -- is to channel state funds to those municipalities whose need is greatest. "Need" is most often measured in terms of local property tax wealth where communities with less taxable property (per capita or per pupil) get more state assistance than property-rich places. In the school finance program, other indicators of need are also used, including local personal income, numbers of children from poor families and the "need" to spend or invest additional funds in schools to achieve state set spending standards. Thus, the state has over the past fifty years used local aid as a way to help equalize financial resources among its political subdivisions. To illustrate the way this policy has worked, the table below shows different levels of aid for a few property-poor and property-rich communities.

	Property value per capita	State Aid as % of Spending
State Average	$62,442	23%
Chelsea	$31,580	53%
Fall River	$31,462	57%
Holyoke	$27,972	58%
Lenox	$89,162	15%
Lexington	$126,741	7%
Lincoln	$101,467	12%

School Aid

Since the adoption of the school reform plan in 1993, aid to schools has been the top priority for the local aid dollar. The finance plan requires the state to invest more than $1.5 billion in new funds by the year 2000, when the goal of the plan is expected to be achieved. Through the 1998 budget, the state has met this commitment. The plan envisions that total investment in schools will increase by at least 43.4 percent, from $4.3 billion in 1993 to $6.2 billion in 2000. The state's share of school costs will grow from 30 percent to nearly 43 percent.

The finance plan is very complex in its details, but the concept is straightforward. The idea is that all schools will have the resources to provide an adequate education for children in their districts. Local governments are required to make a defined contribution to those schools; the state will make up the difference.

"Adequate resources" are determined by building a "Foundation Budget" for each district, using uniform criteria, including professional, administrative and other staffing ratios, salaries, expenses for repair, equipment and other activities. The budget is calculated annually, according to the age distribution and numbers of children from low income families in the district.

The local contribution required for each municipality is calculated by applying a uniform tax rate to property values adjusted by personal income so that communities whose residents have incomes below the state average are expected to contribute less than high income communities.

Most state aid is dedicated to cities and towns where school support is below their foundation budgets (the amount the plan defines as necessary to provide an adequate education). In communities where spending exceeds that level, minimum aid is available. The minimum is set by the law at $25 per student, but in recent years it has been increased each year to $75, in response to concerns that this group of school districts is hard pressed to maintain existing levels of support for schools because of limitations on local taxes imposed by Proposition 2½, pressures of other local services and, in some instances, sharp increases in enrollment. In fact, in the years since the school finance plan was adopted, spending in this group has moved closer to their "foundation budgets."

This aspect of the school aid program -- minimum aid for schools with growing populations where local governments are unable or unwilling to increase property tax support -- has been perhaps the most contentious aspect of the school finance plan. On the one hand, supporters of the present law point out that the overriding goal of the plan is to provide state help to places where school support falls short of the standard set by the foundation budget. Critics answer that the unintended result of this policy is that education across the Commonwealth is moving towards the standard of merely "adequate" as once well-funded programs are unable to sustain earlier levels of investment. (The 1998 budget acknowledges the problem caused in those foundation districts where school enrollment increases have been sharp by including $15 million in additional help with enrollment problems and other special circumstances.)

Municipal Aid

Just as all school districts receive school aid, so all cities and towns share in the distribution of lottery receipts -- $585 million in 1998. In fact, the lottery has been the principal source of additional aid for non-school purposes. In 1995, the state began moving, over a five-year period, toward distribution of all lottery funds which had previously been capped. This adds about $35 million in each year until the year 2000. In 1998, $62.5 million in additional aid will be paid; a similar amount can be expected in the following year. Then, however, increases in this major source of local revenue will slow, reflecting the much slower growth in lottery sales. Massachusetts' successful lottery has reached maturity. The principal source of increased sales now comes from scratch tickets and other games where payouts are high and profits low.

Lottery funds are distributed in inverse proportion to local property tax wealth per capita -- in other words, this is another formula that puts more money into municipalities with the least tax resources of their own.

The state also contributes to local road repair and construction, currently as a part of its transportation bond issue. Under the most recent provisions, $150 million a year is allocated.

Other local aid programs are available to cities and towns for specific programs. For example, the state pays the majority of school building costs -- and requires that projects meet state standards. For several years, there have been annual increases in funds for sewer rate relief, particularly important to cities and towns in the MWRA district as they face increased assessments to pay for the harbor cleanup.

Local Aid: 1998	
Education	$2.8 billion
Municipal	$1.3 billion
TOTAL	$4.1 billion

Information on local aid programs is available from various sources. For example, the Department of Education collects information from school districts, calculates foundation budgets and the several components of state aid. The Division of Local Services in the Department of Revenue prepares estimates of payments to cities, towns and school districts each year. These estimates, distributed as "Cherry Sheets," are used by local governments to calculate their tax rates each year.

PROPOSITION 2½

Susanne Tompkins

Massachusetts voters launched their tax revolt in 1980 with the adoption of Proposition 2½ -- an initiative law that set an absolute limit on the *rate* of taxation on real and personal property as well as a limit on the annual *increase* in the tax levy. At the time, property taxes here were among the highest in the nation. Today the state ranks near the national average.[4] Now at the end of the century, what then seemed impossible -- a limit on growth in the state's very high property taxes -- is an established and accepted part of the fiscal landscape.

Proposition 2½ sets the maximum tax rate at 2.5 percent of the value of taxable property or $25.00 per thousand of full market value. In 1982 when the tax limit took effect, 171 of the state's 351 cities and towns had tax rates greater than the limit and were forced to cut their levies, in the case of some cities by as much as 15 percent a year until they reached the cap. Property tax reductions in the first years of the limit reached nearly a half billion dollars. Since then, however, sharp increases in property values have lowered tax rates and today only a few municipalities push toward the maximum rate.

The major constraint of Prop 2½ is the limit on the growth in the levy -- the amount raised from property taxes. The levy limit is calculated every year by the state for each city and town. That calculation first increases the prior year's levy limit by 2.5 percent and then adds taxes collected on new construction during the year. This allowance for growth over the 18-year life of the limit has added about three percent to allowed taxes on the average, but varies among cities and towns as development patterns vary. In 1995 and 1996 a surge in construction led to high rates of growth -- 9 percent and 7 percent. In 1997, growth dropped to a more normal but still healthy 3.7 percent of the 1997 tax levy. The inclusion of new growth in the levy limit acknowledges that there are increased service costs associated with development. In theory, ordinary increases in the cost of local government must be financed within the 2.5 percent automatic annual increase.

The levy limit sets a maximum tax for each year. If a community chooses to raise less that its limit, it accumulates a kind of tax reserve, called *excess capacity.* In 1997 the state-wide total of excess capacity was just under $130 million, or 1.8 percent of allowable property taxes.

The tax limit law allows cities and towns to vote to exclude certain costs as well as to increase its annual levy limit.

Exclusions of the cost of debt or spending for capital purposes must first be approved by a two-thirds vote of the local legislative body before appearing on the ballot. The idea is that such costs are outside the regular budget for providing local services; a town may need a new school or wish to acquire land that it could not afford within its tax limits. Exclusions are limited to the life of the expenditure.

Overrides are permanent increases in the tax limit. An override, for a specific amount, must be approved by the municipality's legislative body and placed on the ballot for approval by the voters. No override may increase property taxes above the maximum rate of 2.5 percent of full value.

At the beginning of the decade, during the state's fiscal crisis when local aid was severely reduced and the poor economic climate resulted in little or no property development in many communities, overrides and debt exclusions were not uncommon. In 1991 nearly $85 million in such additions to tax limits were approved. In contrast, in 1997 less $7 million in exclusions or overrides were approved by voters.

Finally, the law allows the voters to approve a permanent reduction in a city or town levy limit. Like an override, an *underride* must be for a specific amount of taxes.

Although many have forgotten, the initiative law that established the property tax limit also made a major reduction in the motor vehicle excise, local governments' second largest source of tax revenue. The motor vehicle excise tax rate was reduced from $66.00 to $25.00/$1000 value.

As the chart indicates, Proposition 2½ first reduced the property tax in absolute terms as well as a share of total local revenues. In 1981, property taxes provided 58 percent of local income, by 1985 that share had fallen 48 percent. In subsequent years, the relationship has stabilized. Property taxes now support about half the local budget.

In the eighteen years since the tax limit was adopted, the measure which many thought could bankrupt local government has ceased to be a serious source of controversy. A number of factors account for its apparent success, some reflecting policies pursued by state and local officials while others are explained by economic forces. First, local aid became and remains a state budget priority. Secondly, many municipalities have made more aggressive use of local fees and charges to supplement income and finance various public services. These policies, together with widespread public support for fiscal constraints at all levels of government during the 1980s and 1990s have made it possible, if often difficult, to support local government services.

It also seems evident that two economic factors are important to fiscal stability under the property tax limit. A prolonged period of low rates of inflation has held prices of public goods and services to levels close to the rate of growth allowed by the levy limit. And throughout much of the period, growth in the property tax base has more than doubled the basic 2.5 percent increase the limit allows each year. Since Prop 2 ½ took effect, the state has experienced one severe economic downturn in the late 1980 and early 1990's. The impact on local government revenues was two-fold: state support for local government was cut as the state dealt with its own fiscal crisis, and real estate development halted, restricting growth in the property tax revenues.

State and local fiscal policies in place throughout the life of the tax limit as well as a strong economy seem essential to insure that Proposition 2½ works effectively as a tool of public finance.

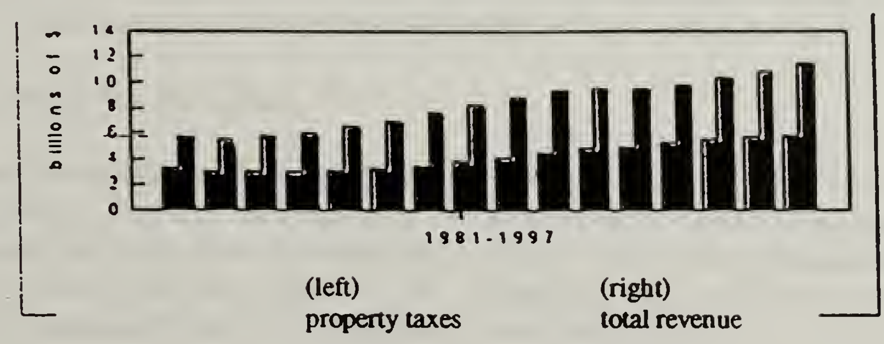
For more information:

The Division of Local Services in the Department of Revenue oversees the administration of the tax limit and provides useful analyses of its many features. (617) 626-2300.

Citizens for Limited Taxation sponsored the initiative law and continues to advocate for tax reduction. (617) 248-0022.

The Massachusetts Municipal Association represents local government interests at the state level and provides technical services and information. (617) 426-7272.

Local Revenues: 1981 - 1997



STATE DEBT AND CAPITAL SPENDING

Steven Adams

The Commonwealth of Massachusetts borrows hundreds of millions of dollars each year to finance spending on public roads, land, buildings and equipment. Despite the huge sums involved, and its impact on the Commonwealth's fiscal health, the importance of debt policy to a state's fiscal strategy is often overlooked.

However, the specter of sharp cuts in federal highway aid for the Central Artery project and a growing list of critical non-highway capital needs have brought the issue of state capital spending limits into stark relief. With pressure building on funding important priorities, decisions regarding the level and structure of state debt in Massachusetts are becoming increasingly complex and will affect fiscal conditions in the Commonwealth twenty or thirty years into the future.

Massachusetts: High Debt State

State debt in Massachusetts has long been among the highest in the United States. This tradition was exacerbated in the late 1980's and early 1990's by a flurry of borrowing to support new capital spending and to finance operating budget deficits. As a result, Massachusetts' per capita debt jumped from eighth among states in 1981 to third by 1991. At the same time, the state's credit rating plummeted from AA to BBB, near junk-bond status.

Since 1991, state debt-financed capital expenditures have been constrained by a spending plan that limits outlays to $900 million per year, or $4.5 billion over five years. This administrative ceiling on capital spending, adopted by the Weld administration to control the growth of state debt, has slowed annual debt growth to just 2 percent per year, from the 26 percent rate averaged between 1989 and 1991. The spending cap has contributed to the state's fiscal recovery and was an important factor in winning upgrades of the Commonwealth's credit rating to its current Aa3 from Moody's.[5] The $900 million annual limit continues to be monitored closely by bond rating agencies as an important bellwether of the state's fiscal health.

Debt service

The state's heavy debt load has consequences for the operating budget. Debt service payments (principal and interest costs) on general and special obligation bonds of the Commonwealth are the fourth largest item in the state budget. Totaling $1.3 billion in FY 1997, debt service is exceeded only by Medicaid, aid to public schools and employee benefits in the annual state operating budget expenditures. The imposition in 1991 of capital spending controls has succeeded in curbing annual debt service expansion from the 15 percent annual rate averaged between 1988 and 1992 to less than 2 percent since 1994.

In addition to direct debt service payments, the state budget also supports other debt-related costs. These include 90 percent of annual debt service costs of the MBTA, and 100 percent of

the debt costs of the Massachusetts Convention Center Authority (MCCA) and the Government Land Bank. In FY 1997 these debt-related commitments added approximately $250 million to the state operating budget, with the MBTA making up the lion's share at $238 million.

Capital Spending: Pressures Building

While the Legislature authorizes bond-funded expenditures, the Governor has wide discretion over when, or even if, authorized projects are undertaken. Since 1991, the Weld and Cellucci administrations have imposed a capital spending plan to keep total capital spending within the $900 million annual limit. Through this vehicle, the Governor modifies capital spending requests from executive agencies and establishes spending caps for broad categories of expenditures, including transportation, infrastructure, environment, housing and information technology. It is important to note, however, that the plan is merely an administrative guideline. In practice, spending among categories will deviate from the plan. However, the plan does establish a strict limit on annual capital expenditures in order to hold total spending to $900 million per year.

Against these expenditure limits stands an enormous list of capital spending demands. Recently authorized bond-funded projects, combined with bond authority already on the books and a package of new proposals, total $12.5 billion — nearly three times the state's limit on new capital spending, as shown in the table below.

State Capital Project Bond Authorizations (millions)

	Enacted in '95/96/97	Previous Authorized/ Unissued	Legislative Proposals	Total
Transportation	$ 4,330*	$1,677		$6,007
Non-Transportation				
Environment	$575	$997	60	$1,632
Higher Education	632	216		848
State Facilities	104	403	125	632
Prisons	440	39		479
Housing	10	489	375	874
State Information Tech.	308	76		384
Seaport/Rail Access	280	0		280
Courts	57	191	685	933
Education Technology	86	0		86
Convention Centers	8	0	?	78
Other	28	18	310	356
subtotal	2,528	2,429	1,555	6,512
TOTAL	$6,858	$4,106	$1,555	$12,519

* Does not include $900 million in state bond authority to guarantee federal grant anticipation notes.

Nearly half of the total, about $6 billion, represents transportation bonds to finance state and local highway projects, including the statewide road and bridge program, Chapter 90 local road aid and the state share of the Central Artery/Tunnel (CA/T) project. The remaining $6.5 billion is divided among a variety of important capital needs including prison expansion, court facility renovations, environmental protection, housing, improvements at state campuses and information technology.

As the table shows, to abide by its administrative debt cap, the state must forego two-thirds -- $8 billion — of these bond proposals. Further compounding this problem, the Commonwealth's highway program already takes 56 percent of total annual capital funds, leaving approximately $400 million per year to address $6.5 billion in non-highway needs. Moreover, the $12.5 billion total does not include likely increases in state costs for the Central Artery or new capital demands that will inevitably emerge in the near future. Thus, the gulf between capital spending demands and what the state can afford promises to widen in the coming years.

Massachusetts policymakers are exploring alternatives to state bonds for some high priority projects. The Governor and Legislature have endorsed the notion of using year end surplus funds to help finance capital needs. Also, earlier this year the Legislature established minimum contributions from the Turnpike Authority and Massport to help defray costs of the CA/T project. Finally, the administration has proposed a hike in the hotel tax in Boston and Cambridge to help finance a new Boston convention center. However, all these proposals combined only scratch the surface of the state's capital needs.

Conclusion

Massachusetts has made remarkable progress in controlling the growth of Commonwealth debt in recent years. However, as the list of important public investments continue to grow, the tension between the state's fiscal realities and the Commonwealth's critical capital needs will test the leadership and ingenuity of policymakers for the foreseeable future.

CENTRAL ARTERY/THIRD HARBOR TUNNEL

Joseph Barresi

The Central Artery/Third Harbor Tunnel (CA/T) project is the largest public works project in the United States, estimated to cost $10.4 billion by late 2004, its projected completion date.

The project involves the building of two major express highway links through the center of the Boston metropolitan region. The first is an extension of the Massachusetts Turnpike (I-90) across Boston Harbor to Logan Airport; the second is the rebuilding, in an underground tunnel system, of the existing elevated Central Artery (Interstate Route 93) which runs north and south through downtown Boston. To a large extent, these two highway links will complete a system of hub and spoke expressways begun after World War II, designed to relieve the older urban arteries that became overburdened with the growth of postwar traffic, and to provide major highway capacity in the center of the region.

The core elements of the project include the Artery-Central area, the Artery-South, the I-90/I-93 Interchange at South Bay, the South Boston tunneling and interchange, and the Ted Williams Tunnel. Three essential connections include the Area North of Causeway Street (ANOC) connections, the Massachusetts Avenue connections, and the East Boston connections.

1. The Artery-Central area lies between Causeway Street and High Street. This section of the Artery would be put underground in a tunnel system with connections to the Sumner and Callahan tunnels. The present substandard and obsolete overhead structure would be razed, and above the tunneled area would be an urban boulevard, park land and sites for new downtown development.

2. The Artery-South segment lies between High Street and Kneeland Street where the Turnpike (I-90) now ends. The existing Dewey Square - South Station Tunnel would be realigned and expanded to carry southbound traffic, and a new tunnel under Atlantic Avenue near South Station would carry northbound traffic.

3. The I-90/I-93 interchange at South Bay is the key intersection on the CA/T system. Without it, the CA/T traffic scheme would not work. It is very complicated, requiring a series of tunnels, viaducts and exit and entrance ramps operating at five different levels. The interchange will allow north-south traffic moving on I-93 to interchange with east-west traffic moving on I-90 and connecting through the Ted Williams Tunnel to Logan Airport. This will be the single most costly construction of the entire CA/T system, about $3.1 billion, close to 30% of the total CA/T project cost.

4. The South Boston tunneling and interchange connects the South Bay interchange with the Ted Williams Tunnel under Boston Harbor; it also includes a haul road through South Boston to by-pass construction truck traffic around the residential community. This interchange will open up the industrial-commercial area of South Boston for new economic development.

5. The Ted Williams Tunnel has already been constructed and is in use.

6. The ANOC connections provide connections of the underground portion of the Central Artery and the Sumner-Callahan tunnels with existing I-93 north of the Charles River via a new bridge, with Storrow Drive at Leverett Circle via new tunnels snaking around and under the North Station and the Fleet Center area, and with Route 1 and the Tobin Bridge via ramps to the City Square tunnel in Charlestown.

7. The Massachusetts Avenue connections provide a new viaduct to connect the South Bay entrance of the Central Artery with the Southeast Expressway where it intersects with Massachusetts Avenue.

8. The East Boston connections involve connecting the Ted Williams Tunnel, which emerges in the Logan Airport terminal area, with Route 1A in East Boston, the major highway serving the adjacent North Shore communities.

The huge current cost estimate of $10.4 billion to design and build seven miles of interstate roadways in and adjacent to downtown Boston is attributable to three major factors:

1. The extensive tunneling and complicated interchanges required to rebuild and extend the express highway system through the center of an active and vibrant metropolitan region. This is an area of filled land, with uncertain geotechnical information, interlaced with a subway system and utilities. It has required the design and execution of 119 interlinked construction contracts in eight different construction zones, each densely developed and heavily used.

2. The design and construction must not only make long-term improvements to the urban and natural environment mandated by law, but also must take measures to insure the ongoing operations of the City during the construction process. This is reflected in 1500 separate mitigation agreements developed during the course of project planning and design.

3. The time -- more than two decades when the project is complete -- needed to undertake engineering and design work and construction.

It is estimated that about one-third of the cost can be attributed to the required tunneling and interchange construction alone; about 25% to 30% to the measures needed to mitigate the impacts of the construction and meet environmental standards; and nearly 40% to account for inflation and cost escalation dictated by the 25-year design-and-construction period.

With seven years left before the estimated project completion in late 2004, the current $10.4 billion cost estimate may be difficult to adhere to. Budget creep is already in evidence.

More than $7.0 billion, over 65% of the entire estimated cost of the project, has already been allocated to various project activities, including both design and management functions, and construction contracts. Over 60% of the direct construction budget and over 75% of other project costs have been committed, reflecting the status of a project virtually completely engineered and well under way in construction.

Uncommitted or "to go" costs total almost $4.0 billion, with construction representing about $3.0 billion.

The federal government has shared in about 85% of costs to date. However, the current highway funding law, the Intermodal Surface Transportation Efficiency Act (ISTEA), terminated on September 30, 1997. Replacement legislation is now being shaped in the Congress amid increased competition for transportation funding from states in the south, southwest and midwest.

The metropolitan highway system that the CA/T project will produce will be owned and managed by the Massachusetts Turnpike Authority (MTA). This will provide a mechanism for generating added toll revenues on the expanded set of highway facilities which will include the new Ted Williams, the existing Sumner and Callahan tunnels, and well as the Mass Pike extension.

The MTA's toll-generating ability will be tested by its need to raise the funds already authorized by law for the project -- close to a billion dollars -- and for operating and maintaining the system when complete.

The project, thus, is essentially all designed and engineered, with the exception of planning the use of land area reclaimed in downtown Boston after the current Central Artery viaduct is dismantled and the tunneling system is completed. Construction is nearing 30% completion, and by the end of 1998, virtually all the major construction contracts will have been let. With design and engineering contracts resolved for the most part, the project should be able to move ahead on schedule, barring any major litigation or other unforseen circumstance causing delay.

When completed, the project should produce major benefits for the region, including improved traffic flow in the region, new environmental amenities, and new opportunities for economic development.

HOUSING
Elaine Werby

Through a variety of strategies and programs established over the years, Massachusetts has demonstrated a commitment to and exercised leadership in providing housing for low and moderate income families, financed through housing bond bills and the annual state budget. The last five years, however, have brought significant changes in those programs, reducing both the level of support and the availability of affordable units.

The availability of many federal programs, ranging from public housing for families and the elderly to home ownership opportunities, greatly expanded the stock of housing affordable for families and individuals of low and moderate income;[6] however, cuts in many of these programs over the last five years have slowed the production of additional housing.

Though some varied housing opportunities are still made possible for low and moderate income families through these federal programs, an insufficient supply of what is commonly referred to as "affordable housing" is a serious issue for the Commonwealth as it moves into the 21st century. Reductions in both federal and state support for affordable housing have been exacerbated by the loss of rent control in three cities in the Boston metropolitan area (Boston, Brookline and Cambridge), a booming housing market in several areas of the state, and the improved economic status of many citizens. These factors result in a tight market in which families of limited means have little chance to compete. A September 1997, report by the National Low Income Housing Coalition indicates an estimated 47% of Massachusetts renter households are unable to afford a two-bedroom unit, and an estimated 38% are unable to afford a one-bedroom unit. Welfare reform has added a new dimension to the problems faced by many families as some lose benefits and others find work in low-paying jobs that do not provide enough for a decent place to live without sacrificing other basic necessities.

Here in the Commonwealth, change in the importance of housing in the state agenda is perhaps characterized by the legislative action in the FY96 budget, which downgraded the Office of Communities and Development from a Secretariat to a departmental status. This office was subsequently renamed the Department of Housing and Community Development (DHCD), and all the programs of the former office were transferred to it.

Public Housing

The Commonwealth's oldest housing program for low income families is the Chapter 200 Housing, frequently referred to as the veterans' housing program. This aging housing stock has suffered from insufficient operating subsidies. Capital improvements necessitated by deferred maintenance over time have been made through special modernization funding. Much of this public housing stock, however, remains in serious need of sufficient funding for renovation and redevelopment.

Desire for more flexibility and innovation in the program prompted the Department of Housing and Community Development, late in 1996, to approve a demonstration program to deregulate ten local housing authorities. Each local housing authority will implement a different program, meeting specific local need, though some common elements include rent reform, preference for working families, and reduced state oversight of operating and modernization budgets. Some local housing authorities currently are seeking to demolish without replacement some developments. This possible policy change has stimulated public debate, with affordable housing advocates expressing concern over the possible loss of units.

The full impact of the state's welfare reform on both public and private housing is yet to be felt. However, as welfare term limits become effective in December 1998 some families may lose the benefit of public assistance and be unable to pay for their housing. Those who are residents of public housing, where their rent is limited to 30% of their income, may be in a position to pay very little or no rent, adding to the operating-income problems of the local housing authority.

Chapter 667 housing was established as the state public housing program for low income elderly and handicapped individuals. Over the last number of years vacancies in these developments were filled increasingly by eligible non-elderly disabled individuals. A number of serious incidents involving physical harm to elders in a few developments in the state raised issues of the viability of housing this mixed population. The 1995 Mixed Population law provided several strategies to increase the safety and security of occupants of the Chapter 667 housing: establishment of an 86.5% priority placement for elderly and 13.5% priority placement for non-elderly disabled; elimination of a history of alcohol or substance abuse as qualifications for elderly/disabled housing; codification of screening requirements to prevent troublesome tenants from occupying the housing; and provision for speedy evictions of tenants who have committed violent and/or criminal acts.

Rental Assistance

With the funds provided in the Mixed Population law, the Alternative Housing Voucher Program (AHVP) provides rental assistance to non-elderly persons with disabilities on a temporary basis until they can obtain permanent housing. Vouchers are "active" for a period of 120 days from the date of issuance and are renewable. Tenant share of the rent is based on 25% of household income when some or no utilities are included in the rent, and 30% of income when all utilities are included.

The Massachusetts Rental Voucher Program (MRVP), is the 1992 state-funded rent subsidy program created to provide both tenant-based and project-based vouchers. In the tenant-based component of MRVP, vouchers are assigned to eligible participants and can be used to rent any housing in the state that meets the cost and quality standards of the Department of Housing and Community Development. Participants receive a fixed dollar maximum amount which varies by the tenant's income bracket, unit size needed, and geographic area. Tenants pay a minimum of 30% of adjusted income toward the rent, with no maximum. For project-based vouchers, tenant pays 30% or 35% of net income toward the contract rent. The voucher makes up the difference. However, from 1990 through 1997, the state did not allow these vouchers to be reissued when a tenant left the program, resulting in a 44% reduction in the number of households served.[7]

Since 1990 the total amount in the state budget for rental assistance programs has been reduced from $125.6 million to the 1996 figure of $47.5 million. The FY97 budget for the MRVP program was $42.3 million. Despite these reductions, the program still provides housing to approximately 11,000 households, including 6,600 units of tenant-based assistance and 4,700 of project-based assistance. (Citizens' Housing and Planning Association (CHAPA) numbers)

Housing Production

The Massachusetts Housing Finance Agency (MHFA) has been the major source of state funding for construction and operation of multi-family housing for a mixed income population. Working in conjunction with available federal programs, MHFA has assisted, either through construction financing and/or permanent financing, 590 developments across the state, producing more than 70,000 units of family and elderly housing in a unique public, private partnership. The majority of these are subsidized to be affordable for low and moderate income families, while the remaining units are available at market rents.

Once known as the only game in town for production of multi-family housing, MHFA's program has been reduced sharply due mainly to cuts in such federal programs as Section 8. These federal funds which provided subsidies to the private owners allowed the housing to be affordable for low and moderate income families.

The Massachusetts Housing Partnership Fund (MHP), a public agency created in 1985 and financed by the banking industry, funds affordable housing and neighborhood development throughout the state. The Community Economic Development Assistance Corporation (CEDAC) underwrites two state capital programs (Housing Innovations Fund and Facilities Consolidation Fund) which are administered by the Department of Housing and Community Development. Both programs provide a percentage of the development costs of housing for special needs populations.

Subsidized Privately-Owned Developments

Federal housing programs, particularly the Section 8 program, and some state programs have provided Massachusetts low and moderate income families and individuals with housing in multifamily developments which are privately owned but were built or renovated or maintained with these public funds. Currently more than 25,000 of these units are at risk of being removed from the affordable housing stock, due to program cuts, owner option to prepay the federal mortgage which had obligated the units to be available for low and moderate income families, or mortgage re-structuring under new conditions. In response to this situation, several bills considered by their sponsors as protection for affordable housing, have been introduced in the 1998 legislative session.

The Private Market (unsubsidized)

Housing costs for the private rental market vary according to the geographic locality. As mentioned above, the demise of rent control in three cities (Boston, Brookline and Cambridge) resulted in a dramatic increase in rents. In one section of Boston (Jamaica Plain), for example, the median rent advertised in the early 1990's for private, unsubsidized apartments was in the mid-$700 range; by 1997, the median was close to $900 a month.[8] While the economy of the state appears to be booming, many citizens in both urban and rural areas of the state are finding it

increasingly difficult to pay their housing costs. It is not uncommon to find families and individuals whose housing costs leave them unable to meet their other basic needs at even a minimal level.[9]

Housing affordability is a serious problem in Massachusetts for both homeowners and renters, with many households paying more than they can afford for their housing costs. As these costs continue to rise, more families will face the threat of mortgage foreclosures and evictions. Massachusetts needs to resume its national leadership position and focus on addressing the issue of housing affordability for its citizens.

MASSACHUSETTS WELFARE REFORM

Elaine Werby

Massachusetts' Welfare Reform Law (Chapter 5 of the Acts of 1995) represents a radical change from the traditional Aid to Families with Dependent Children (AFDC) federal/state program of the last sixty years. This former welfare program guaranteed eligible recipients cash assistance for as long as they continued to meet eligibility requirements. In contrast, the state's reform law, focusing on work and individual responsibility, is designed to make public assistance transitional in nature and is called Transitional Assistance to Families with Dependent Children (TAFDC). In keeping with the philosophy underpinning the program, the Department of Public Welfare was renamed the Department of Transitional Assistance (DTA). Passage of the legislation was preceded by intense debate over several of its key provisions, with some controversy continuing from the implementation of the program in November 1995 to the present time.

A work requirement and a two-year time limit on assistance in any five-year period are two hallmarks of the program. With certain categories of recipients exempt from these requirements, recipients are subject to a two-year limit, within any five-year period, for receiving assistance. All able-bodied recipients whose youngest child is in school must work 20 hours or more a week.

Various employment assistance programs such as job readiness, job search and job placement are offered by the Department to assist recipients in entering the work world. An earned income disregard is an incentive for participants to secure and maintain employment, and Medicaid coverage is continued for one year. A bill introduced in the Legislature in FY98 would have allowed education and job training to be counted as meeting part of the work requirements, but was not passed.

As an incentive for employers to hire former welfare recipients, the state provides a tax credit. The state's efforts to create new jobs under this plan were slow in getting started because employers indicated their jobs required already-skilled personnel. In addition, to help finance employment opportunities the state provides a supplement, when necessary, in order to bring the recipient/worker's income up to the level of AFDC and food stamps. While the state's economy has improved considerably since the initial implementation of welfare reform, with the opening up of the job market, advocates argue that welfare recipients with limited education and work experience qualify primarily for low-paying jobs which cannot adequately support a family, even those fortunate enough to benefit from subsidized housing and child care.

Those who cannot find paid employment must work in an unpaid community service position for 20 hours a week in exchange for assistance. The premise of this provision is that community service provides the participant with work experience that may lead to employment. The state solicited community service positions from a variety of nonprofit organizations and agencies throughout the state. While initially there was resistance to this provision among some nonprofit agencies and public service workers unions, there now appears to be a sufficient number of community service positions available to meet the need. Still, the provision invokes discussion

among advocates who argue that there is no guarantee that these positions provide the training and supervision the recipient may need.

Another provision was the establishment of a "family cap" which eliminates the automatic increase in cash assistance for families with the birth of an additional child while the parent is on welfare. This provision reflects a popular public perception, unsupported by data, that the potential for an increased welfare benefit is the rationale for a recipient to have another baby.

A specific target of the reform program is aimed at teen-age parents; in most cases this means a teen-age mother. As a condition of eligibility for assistance, those under 20 years of age are required to live with a parent, a responsible adult relative, or to live in a supervised, structured group home. Additionally, teen parents must have a high school diploma, a GED or be in a program to obtain one.

Included in the law is a provision that applies sanction to any applicant or recipient who fails, without good cause, to cooperate with the state Department of Revenue to establish paternity or enforce a child support order. This provision raised the issue of potential violence against women, a concern that was expressed by a battered women's coalition. In response to this concern, a law passed in the 1997 legislative session (H3460) codifies state adoption of the federal Family Violence Option which is part of the federal welfare reform. DTA is working on regulations that address (T)AFDC recipients who may be victims of domestic violence. These individuals could be exempted from the work requirement and the time limit.

Among other sanctions included in the law are loss of the parent's portion of the assistance grant for a child's poor school attendance and lack of child immunization.

The most salient features of the state's welfare reform measures are outlined here. Since this law pre-dated the federal welfare reform legislation, the state was required to seek waivers from the then-existing AFDC program. Prior to passage of the legislation and during the waiver process, the major features of the reform were subject to public discussion in the press, radio and TV talk shows, and among human service advocates and policymakers of differing political persuasions.

During the debate on the legislation and subsequent to its passage, there was a significant drop in the number of welfare recipients. While the state attributed the decrease in the rolls to the numbers who became employed, lack of data led to DTA's undertaking an in-house study to determine what has happened to those former recipients. In June 1997 *The Boston Globe* reported a DTA spokesperson as stating that 50% of former recipients have found work; 20% relied on unearned income, principally child support from a spouse, and 14% left the state. A "more comprehensive study of 600 families is being planned," a DTA spokesperson indicated. To date, no external independent study has been undertaken. A recent McCormack policy brief,[10] however, compares the two year period before welfare reform when an average of 4.6% of AFDC families left the welfare rolls each month with the post-reform period (October 1995-August 1997) when 5.1% left the rolls. In the post reform period 19% (18,596) were closed due to earned income, and 40% of the cases (more than 36,000 families) were closed due to either a procedural or behavioral sanction applied by the Department of Transitional Assistance.

In December 1998 non-exempt Massachusetts families who have received welfare for a consecutive 24 month period will begin to lose their benefits. Procedures for families seeking exemption from this term limit have been issued by DTA and attacked by advocates. Concern with the impact of both the state and federal welfare changes on cities, towns and human services agencies has been expressed in many quarters. Impact of this welfare reform on individuals, human service agencies, and cities and towns, is an issue for policymakers and all citizens of the Commonwealth.

EDUCATION REFORM

Cyndy Taymore

With the Education Reform Act of 1993 the Commonwealth set out to improve education for all students in the state beyond the provision of "adequate resources." To this end, Education Reform provided for changes in local and state governance, student and professional accountability, and parental involvement.

One of the most significant provisions of the school reform is the infusion of large sums of additional school aid to cities and towns. The equalizing formula is weighted heavily in favor of our poorest communities. This financing is covered in the paper on Local Aid.

Governance

At the local level the roles of the school committee, superintendent, and principal have all been redefined. The school committee is a policy-making board responsible for establishing goals, policies, and standards; for setting the district's budget; and for appointing the superintendent. The superintendent is now responsible and accountable for the management of the school system. He/she hires all personnel, directly hiring those not employed full time under only one principal and approving the appointment of those recommended by principals to be full time in their schools. This distinction is important because principals now have increased authority for their individual schools. This includes complete authority for the hiring and termination of all building personnel and the purchase of textbooks and school supplies.

Additionally, at the local level each school must have a school council co-chaired by the building principal. The council is made up of the principal, parents, teachers, committee members, and -- at the secondary level -- at least one student. This council is responsible for helping the principal set educational goals, identify needs, review the building's budget, and prepare the school improvement plan.

At the state level, the Board of Education has new and expanded powers. The most controversial of these powers, as exemplified by the current problem in Lawrence, is the Board's responsibility for establishing the process and standards for declaring schools and districts "underperforming" and "chronically underperforming." In conjunction with this power is the Board's ability to withhold state and federal funds from noncomplying school committees. The Board also directs the Commissioner of Education in the development of academic standards for a common core of learning and the subsequent curriculum frameworks for the core subjects of math, science and technology, history and social science, English, foreign language, and the arts. These standards will provide the basis to determine three certificates: (1) the competency determination for the tenth grade which is a condition for high school graduation; (2) the certificate of mastery; and (3) the certificate of occupational proficiency. The frameworks were to be completed by January 1, 1995 (for the arts, by January 1, 1996), but this has not yet been fully accomplished.

Student and Professional Accountability

In order to assess student, school, and district performance, students will be tested in grades four, eight, and ten. The assessment instrument will reflect the new standards and curriculum frameworks and measure each student's acquisition of skills as prescribed by these standards. In addition, the grade ten assessment will be the basis for the "competency determination" certificate necessary for high school graduation. The tests are still being developed, as are some of the frameworks, and will not meet the original goal of being administered to the Class of 1999.

At the state level, the assessment results and other data will be used to evaluate school and district success in improving student performance. This will be the primary means by which schools and districts may be identified as "underperforming." The Board of Education also has the right under its expanded governance responsibilities to audit schools and districts for fiscal compliance. Thus, a school or district can be declared "underperforming" academically and/or fiscally.

The Education Reform Act takes a more multifaceted approach to increasing professional accountability. First, there are new certification requirements for teachers, include passing a state test for proficiency. Teachers will initially receive provisional certification. A standard certificate may be issued after at least one year with the completion of a master's program or approved district training program. Second, all permanent certificates have a term of five years and may be renewed for additional five-year periods with documented completion of a set number of professional development points. Lastly, to help improve professional standards and performance, local school systems must establish performance standards and prepare professional development plans, and fund professional development programs.

The development of performance standards and professional development programs for teachers and other staff are the responsibility of the school committee. Performance standards are subject to collective bargaining and are the mechanism for evaluating both teachers with provisional status and teachers with professional status (formerly called tenure). The results of these evaluations may be used in decisions to dismiss or demote a teacher or administrator. Teachers with professional status may be dismissed or demoted only for just cause; administrators may be dismissed or demoted for good cause.

Parental Involvement

Increased parental involvement in their schools and their children's education is facilitated in several ways by the Education Reform Act. As mentioned earlier, parents can participate at the individual school level as members of the school council. The parent representatives must be selected by their peers through an election organized by a recognized local parent-teacher organization or similar representative process. Thus, parents have a voice in assessing and establishing the educational priorities and goals for their children's schools.

At the state level, the Board of Education maintains a Parent Information Center and publishes school and district profiles that are made available to parents and other interested parties upon request. These are similar to the "school report cards" currently being proposed.

Even more important under the Education Reform Act, parents are given public school options for their children through school choice and charter school programs. School choice allows children to attend school in another district that has available space and that has accepted the choice program. Statewide participation in the choice program is currently limited to two percent of total public school enrollment; therefore, student selection by receiving schools must be nondiscriminatory and random. Chapter 70 funds follow the student to the receiving district from the sending district at a formula of seventy-five percent of the sending district's per pupil expenditure, not to exceed $5,000. For sending districts there is a reimbursement formula related to the foundation budget. The Education Reform Act originally designed reimbursement to diminish over three years, but the Legislature has chosen annually to continue reimbursement at higher levels because of the negative fiscal impact on some urban communities.

The Education Reform Act also provided for the creation of twenty-five charter schools. These schools are established under charters granted by the Board of Education. Run by a board of trustees, they operate independent of local school committees and are exempt from most state education regulations governing unions and employees. The purpose of charter schools is to stimulate innovation, as well as to give parents an alternative in public education. The Legislature approved the creation of an additional twenty-five charter schools with the provision that thirteen of those schools be "Horace Mann" schools. These are a hybrid between charter schools and pilot schools. They remain part of the district in which they are located but are exempt from the same state regulations as all charter schools.

Similar to school choice, charter school funding comes from the sending districts' Chapter 70 funds; however, the calculation is based on a complicated formula that takes into account more than just the foundation budget. And, like choice, the negative financial impact on communities with charter schools has resulted in the law being amended to allow for partial reimbursement by the state to sending districts. Beyond the financial considerations, choice and charter schools are also controversial for the impact they have on a school or district's demographics, parental involvement, and the overall quality of a school system.

The Education Reform Act of 1993 is an attempt to improve education in all public schools through systemic reform on all levels and the provision of additional resources to implement that reform. Nonetheless, the Education Reform Act of 1993 was only given a seven-year life span, expiring in the year 2000. Prior to that time, a new issue will be whether to continue the Act as written or amended or to devise a new plan for providing an adequate and equitable education for all students in the Commonwealth.

PUBLIC HIGHER EDUCATION

Cyndy Taymore

Public higher education in Massachusetts is comprised of three segments: the fifteen community colleges, nine state colleges and five universities. At the institutional level, a single Board of Trustees for the university system and local Boards for each state and community college are responsible for the management of each institution.

The system as a whole is overseen by the Board of Higher Education, whose responsibilities include defining the systemwide mission and coordinating the programs, activities and budgets of the institutions within the system. In order to meet these responsibilities, the Board is required to analyze present and future goals for Massachusetts: (1) improving student access and retention; (2) raising expectations for student performance; (3) aligning programs with mission; (4) demonstrating accountability for institutional progress; and (5) increasing collaboration as a system. In the last two years, the Board has enacted policies and supported initiatives aimed at achieving these goals. These efforts can be divided into three broad categories: standards, programs, and funding.

By raising standards at the university and college levels, the Board of Higher Education hopes to improve the quality of students attending, their retention and graduation rates, and the overall competitive attractiveness of the state's system. As of Fall 1997, entering freshmen will have to meet new admissions standards in three areas: college preparatory courses, grade point average, and SAT/ACT scores. These standards will be raised again for Fall 1998 freshmen.

In conjunction with this effort is a new policy on "developmental education programs." This policy will restrict to 10% in 1997 and 5% in 1998 the number of freshmen that can be enrolled in developmental (remedial) reading, writing, and math courses.

A new joint admissions agreement within the system will encourage students who do not meet admission standards at the college or university level to attend a community college, with a guarantee of transfer after two years if a minimum 2.5 GPA is maintained. Furthermore, in an unusual move to help secondary schools improve student preparation and performance in higher education, the Board issues an annual report, "The College-to-School Report," with pertinent information on the progress of Massachusetts students attending state colleges and universities.

At the other end of the spectrum, the Board has approved the establishment of State College Commonwealth Scholar Programs and a University Scholars Program to encourage honors students to attend state colleges and universities. In addition, with legislative support, they have created an honors college -- Commonwealth College -- at the University of Massachusetts-Amherst campus.

When the Board assesses academic programs across the state's system, they are concerned with the issues of duplication, collaboration, program productivity, and the economic, social, and political needs of the state. Currently, five hundred programs of study are available at the different degree levels throughout the system. The Board has initiated a system of program productivity review that requires campuses to eliminate low enrollment degree programs. The Board has identified 53 programs (5% of all programs) as below the allowed productivity threshold. Notwithstanding, only fifteen of those programs were eliminated last spring.

In addition, any campus that wants to add a program must first eliminate a program with similar resources. The goal is to provide a range of choices among the system's programs and services while at the same time being responsive to regional needs and being cost effective. Therefore, not all degree programs are available at all campuses. At the same time, even though sixty percent of all degrees granted are in business, health, education, liberal arts, social sciences and engineering, questions remain as to how accurately programs match the state's current and future economy and how well they prepare an increasingly diverse student population to participate in that economy.

Public higher education funding is not just a question of how much (adequacy); financing the state's system raises questions regarding fair share, access, and stability. Typically, public higher education is funded by three major sources of revenue -- state appropriations, tuition and fees, and other nonappropriated funds including fundraising, endowments, federal aid and grants, and other revenues.

Massachusetts student costs for public higher education are among the highest in the country. At the university level, students pay on average 35% of the cost of education; 34% at the state college level; and 39% at the community college level. Because tuition and fees are a factor for many students in determining accessibility, the Board is committed to reducing tuition. In Fall 1996, they reduced tuition at the universities and colleges by 5% and by 10% at the community colleges.

The Board reduced tuition at all campuses by 5% for 1997 and plans to continue reductions for the next three years. They have recently proposed that for the 1998-1999 year, tuitions be reduced 5% at the universities, an average of 7% at the colleges and 9.9% at the community colleges. In addition, several plans are being discussed that would further reduce tuition at community colleges. These plans range from free tuition to a sliding scale 20% tuition reduction.

For all that, the Board can only recommend a similar reduction in student fees which have risen at a greater pace than tuition. Similarly, while the Board lobbies for increased funding from the state, there is no plan at the executive or legislative level to provide adequate and stable funding over the long-term for the state's system.

As the largest controllable item within the state's budget, the state's contribution fluctuates greatly depending on the state's economy. As of FY97, the state contributes 4.3% of its budget to higher education compared to a high of 6.5% in 1988 and a low of 3% in 1992.

In an effort to achieve rationality within the system, the Board has developed a "System Financing Policy" for developing its budget request. This policy created a cost of education formula that

allows the Board to identify an appropriate "foundation budget" for each institution. The costs are then apportioned to the state and the students. As a result, the Board requested an FY98 budget of $862.5 million compared to last year's budget of $802.2 million. They were originally allocated $857.8 million, but have since received a supplemental budget of $33,968,588 raising the total budget for the system to $891,768,588. While an 11% increase in the budget is good news, the issue of budget stability still needs to be addressed.

In conclusion, the Board of Education has undertaken a course of action designed to improve the quality of public higher education in Massachusetts, to make it more accessible, and to address the Commonwealth's economic and social needs. While some might disagree with any one of the particulars, the overall goals are laudable. However, the responsibility for achieving these goals cannot be left to the Board of Higher Education and their institutions alone. The state as a whole must realize the importance of a first class public higher education system to the Commonwealth's well-being and support such a system accordingly.

REVENUE BOND AUTHORITIES

Richard Hogarty

Public authorities, often referred to as revenue bond authorities, became popular in Massachusetts and many other states in the early 1950's. They are usually created to take major budget items out of the state budget and to allow the function to operate independently from direct state control.

The operation of these authorities is usually paid for by user fees such as MASSPORT charges the airlines and vendors at the airport or the tolls used to defray the operating and capital costs of the Massachusetts Turnpike.

The governance of these many authorities is usually vested in a board of directors (trustees) where, in most cases, the members are appointed by the Governor and theoretically the board chooses the operating team. However, to think the appointing authority does not have major input into these high paying jobs is not realistic.

Not all that long ago the Governor of Massachusetts was announcing the closing of toll collection booths on the Massachusetts Turnpike. It had all the appearances of a unilateral decision. The Turnpike Authority board did meet and agreed that these closings were warranted. Autonomous? To a degree.

Operating like private business firms, these agencies vary greatly in their operations, depending upon the extent to which they are given fiscal powers, whether their members are directly elected or appointed, and the kinds of jurisdiction(s) they are granted. Most of them are service rather than regulatory agencies, most likely to be concerned with "mega issues" such as water, sewage, recreation and transportation rather than with city or regional planning.

Their remoteness from the people they directly serve; a perceived arrogance on the part of governmental officials, and a tendency to make decisions in a vacuum regardless of what is going on around them are just some of the criticisms often heard about authorities.

Nonetheless, the record shows that public authorities in Massachusetts have developed our seaport and air terminals, extended our highways and parkways, helped maintain and expand mass transit, and assured our water supply. Theirs is a solid record of achievement in building and operating these much-needed facilities. But there is no denying the fact that the practice of taking major governmental functions from dependence on the state budget process allows them a freedom of operation that is denied to other agencies. Independent authorization to borrow, to collect user fees and otherwise control their own finances offers a substantial advantage over the agency that has to compete for funds in budgetary negotiations.

MASSPORT, the Turnpike Authority, the MWRA and the MBTA are the best known Massachusetts' authorities but there are many more.

Building authorities, economic development authorities, dormitory authorities at college and university campuses, steamship authorities also exist and are sustained by user fees.

The governance of the many authorities in Massachusetts is usually vested in a board of directors (trustees) where in most cases the members are appointed by the Governor and in the case of some, such as the Massachusetts Water Resources Authority, the board is appointed by the Governor and other involved officials, i.e., mayors, house/senate etc.

Some of the major authorities in Massachusetts are as follows:

Massachusetts Port Authority
Massachusetts Turnpike Authority
Massachusetts Industrial Finance Authority
Massachusetts Bay Transportation Authority
Woods Hole/Martha's Vineyard Steamship Authority

The major criticism of authorities seems to be the "arrogance" of behavior brought on by independence. While there appears to be some truth to this, authorities are still politically beholden to appointing authority.

Placing financial/operating burdens on users as opposed to general taxpayers has been an appealing concept in most states.

DEVOLUTION

Robert Woodbury

Webster's ninth dictionary defines devolution as "transference (as of rights, powers, or responsibility) to another; especially the surrender of powers to local authorities by a central government."

Public policymaking in the United States is gradually shifting from a federal focus to a state focus. The significant aggregation of power and legislative activity that centered in Washington, D.C. during the New Deal of the 1930's and culminated with the Great Society in the 1960's has now reversed direction as part of what one scholar terms a long-term realignment for American federalism."

A variety of factors has contributed to this change in the focus of policy making: pressure for a balanced federal budget coupled with an explosion in entitlement costs such as Social Security and Medicare; a growing belief, stimulated by bi-partisan coalitions of state governors, that many social problems could be addressed more effectively at the state or local level; and a change in public sentiment about the role of the federal government and the relationship between the public and private sectors.

Devolution has taken the form of more federal block grants to states, allowing greater state discretion in carrying out social programs, a greater tendency for new policy initiatives to be taken at the state level instead of in Washington, and the growth of extra-governmental activities such as the enormous expansion of the role of non-profit organizations.

Devolution has occurred or is likely to occur in a number of areas that have consequences for Massachusetts. A major part of welfare reform has been a shift, within broad guidelines, of regulatory authority to the states. Medicaid, which accounts for 40 percent of federal aid to states and localities, has been converted to state grants, with increasing flexibility allowed in administration and delivery. Massachusetts has been a leader in this area.

Also important candidates for this kind of authority shift are the more than 90 separate categorical grant programs that involve job training and placement. K-12 education reform has been a major priority to both Democratic and Republican governors. Massachusetts addressed these concerns in the Education Reform Law of 1993. Other areas -- from crime prevention to various anti-poverty efforts -- are experiencing similar trends.

Devolution is here, with much more to come. As the pressures increase to balance the federal budget, the states will find more and more pressure being applied to them.

There are several important issues that the devolution process poses for Massachusetts and other states. The consequences will differ widely for different states following quite different legislative routes in social policy.

Will some states have the capability to administer these programs while some will not? Will the federal government make some kind of allowance for those who need help with administration?

What impact are these changes having on clients and how do we ensure that evaluation occurs?

Will we see budgetary imbalances, especially in difficult times, and how will states deal with this situation?

How Massachusetts faces its own issues of devolution vis-a-vis its own local or regional entities and the private or non-private sectors is an important and urgent issue for state voters, planners and legislators.

ENDNOTES

1. Hogarty, Richard and Manley, Richard A., *Circumventing Democracy: Lawmaking by Outside Budget Section.* A report by McCormack Institute, UMass Boston, September 1993.

2. FY 1988 budget information contained in the MTF chart are proposed numbers. FY 1997 data used in the text are actual audited numbers.

3. The motor vehicle excise tax is in fact a property tax, based on the value of the vehicle. At local option, cities and towns may impose a hotel-motel tax, collected for them by the state, but this is a minor form of revenue.

4. In 1982, the year before the tax limit took effect, property taxes were $52.42 per $1000 personal income: the U.S. average was $31.39; in 1994 Massachusetts taxes were $38.21 per thousand personal income; the U.S. average was $35.37.

5. The cap was increased to $1.05 billion for FY 1998 and $1.0 billion in fiscal years 1999 through 2002.

6. Under federal guidelines, low income is defined as less than 80% of the area median income of all households; less than 50% is termed very low; and less than 30% extremely low.

7. Figures_taken from *Over the Edge, Cuts and Changes in Housing, Income Support and Homeless Assistance Programs in Massachusetts.* A report prepared for the Home Coalition by the Center for Social Policy, McCormack Institute and the College of Public and Community Service, UMass Boston 1997.

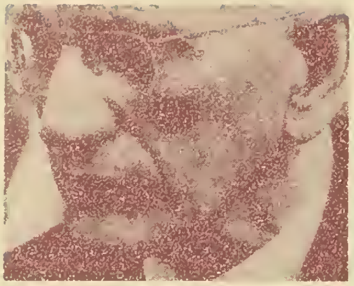
8. Ibid.

9. Stone, Michael, "How Much Can you Really Afford for Housing," January 1998.

10. Friedman, Donna Haig, Emily Douglas, Michelle Hayes, Mary Ann Allard. *A Policy Brief: Massachusetts (T)AFDC Case Closings October 1993-August 1997.*

Website: www.mccormack.umb.edu

The John W. McCormack Institute of Public Affairs
University of Massachusetts Boston
100 Morrissey Boulevard
Boston, Massachusetts 02125-3393
Tel: 617 287-5550
Fax: 617 287-5544
Email: mccorminst@umbsky.cc.umb.edu.



The John W. McCormack Institute of Public Affairs
University of Massachusetts Boston
100 Morrissey Boulevard
Boston, Massachusetts 02125-3393
Tel: 617 287-5550
Fax: 617 287-5544
Email: mccorminst@umbsky.cc.umb.edu.